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TAGS: PREL OREP IS EG ISRAELI PALESTINIAN AFFAIRS GOI EXTERNAL COUNTERTERRORISM GAZA DISENGAGEMENT

SUBJECT: STAFFDEL ZWEIG/ADAMS-GOI DISCUSSIONS ON HAMAS,
WOLFENSOHN AGENDA, ARAB-ISRAELI RELATIONS AND THE UN

Classified By: Political Counselor Norman Olsen for reasons 1. (B) and (D).

1. (C) Summary: HIRC professional staff members Matthew Zweig and David Adams discussed Hamas and PLC elections, progress on the Wolfensohn agenda, Israeli relations with Muslim states, and UN issues with Israelis, the Wolfensohn team, and USG officials during a visit to Tel Aviv and Jerusalem on October 8-12. All of the staffdel's interlocutors expressed concern about Hamas's participation in PLC elections and predicted that Hamas will win between 20 and 40 percent of the vote. Deputy National Security Adviser Eran Etzion suggested a number of steps that the international community could take to strengthen pro-democracy forces in the West Bank and Gaza at the expense of the extremists. The Wolfensohn team stressed the importance of reopening the Rafah crossing and discussed the status of greenhouses in Gaza and transit links between Gaza and the West Bank. The staffdel heard divergent views on the status of Israeli-Egyptian relations and received an update on the GOI's efforts to expand contacts with Arab and other Muslim states. The MFA briefed the staffdel on Israeli priorities at the UN and the status of the MDA/ICRC issue. End summary.

Hamas and the PLC Elections

2. (C) Every Israeli and international official who spoke with the staffdel expressed concern about Hamas's participation in PLC elections and predicted that Hamas will win between 20 and 40 percent of the vote in planned January elections for the Palestinian Legislative Council. Deputy National Security Adviser Eran Etzion said such a result will result in a "complete halt to the peace process." He described Hamas as "the only real threat to the PA," adding that a strong showing by Hamas would legitimize the group. He said Israel's position is that Hamas must abandon its capabilities and intention to conduct terrorism and change its charter if it wants to participate in the elections. He cautioned that absent such steps, Israel "will not assist the elections," which he added will make it "next to impossible" to conduct a legitimate contest.

3. (C) The staffdel asked what the international community could do to limit the influence of extremists and strengthen pro-reform forces around President Abbas. Etzion replied that -- while there is no unified GOI answer to that question -- possible steps include:

-- issuing a statement by the G-8, Quartet or other forum making it clear that groups advocating violence should not be permitted to contest the elections;

-- presenting Hamas with a clear choice of remaining a terrorist group or fully renouncing violence;

-- asking Hamas candidates to sign affidavits that they do not support violence;

-- cutting off funding of all assistance projects in municipalities governed by Hamas (MFA EU Director Shmuel Ravel later said that Israel does not believe that the EU would take such steps);

-- fully supporting rapid progress on the Wolfensohn agenda; and

-- pressuring Abbas to extract a higher price for Hamas's participation in the PLC elections.

A member of the Wolfensohn team (but not any GOI officials) also suggested that the GOI release additional prisoners to help Abbas demonstrate that his government is making progress on an issue important to the Palestinian public.

4. (C) The director of the Knesset's Foreign Affairs and Defense Committee, Rear Admiral Avriel Bar Joseph, acknowledged that Knesset members are split on the question of Hamas's participation in the PLC elections, with a small number of MKs believing that such a step would moderate the group. MFA Principal Deputy Legal Adviser Daniel Taub noted that the Oslo accords do not mention armed groups, although the Israeli-Palestinian Interim Agreement on the West Bank

and Gaza Strip of September 28, 1995, prohibits candidates who pursue the implementation of their aims by unlawful or non-democratic means. He said the Palestinian Central Election Commission should take action against Hamas.

15. (C) In response to questions by the staffdel, the Wolfensohn team said that the security situation in Gaza has improved, with the PA beginning a crackdown against the public display of weaponry. Communications Advisor Khader Abusway noted that PA forces are still weak and that Abbas has traditionally shied away from confronting extremist groups. MOD Political Director Amos Gilad said he believes that Abbas is opposed to terror, but called him "a one-man show." Gilad complained that the PA is "doing nothing" to confront extremists. Etzion said he was "baffled" by Abbas's inaction, attributing it in part to a lack of command and control capability. IDF analyst Itai Brun disagreed, telling staffdel that the main problem is the lack of political will among the PA leadership. Abusway said a PA call for disarmament would be equivalent to "political suicide."

16. (C) IDF analyst Brun maintained that Palestinian public opinion has increased in importance since Arafat's death. The views of "the street" give President Abbas a chance to achieve his political agenda. Brun claimed that Abbas now realizes that his goal of incorporating Hamas into the political process is unlikely to succeed and that the group intends to establish a parallel authority to the PA without relinquishing its "jihadist identity." Abusway speculated that Hamas's goal is to join the PA while separating its own political and military wings.

17. (C) MFA EU Director Ravel said that the GOI has objected to EU contacts with elected Hamas officials in the West Bank and Gaza. He noted that the EU intends to increase its assistance to the PA police and said that the GOI may make its approval contingent upon a change in the EU's position on Hamas. David Horovitz, editor-in-chief of the "Jerusalem Post," claimed, however, that Israeli officials routinely deal with Hamas officials on the local level. Note: The Israeli press has carried a number of reports of such contact. End note.

Post-Disengagement Scenarios,
the Barrier and Oslo Accords

18. (C) In each meeting, staffdel asked its hosts about possible post-disengagement scenarios. None of the Israelis could predict with any certainty what PM Sharon might do next. Horovitz said that Sharon is looking at an interim solution with the Palestinians because he does not believe a final status agreement is possible in his lifetime. GOI officials were unanimous in their belief that Sharon would continue construction of the security/separation barrier. MFA EU Director Ravel said that EU opposition to the barrier had been limited to statements on the issue and that due to the disengagement process, there is "no real pressure on Israel today." MFA Legal Adviser Taub noted that there are still several court cases on the Jerusalem portion of the barrier pending in Israeli courts.

19. (C) The staffdel asked about Israeli views on the status of the Oslo accords. Knesset staffer Bar Joseph said that "people pick and choose" the sections of the Oslo agreements that they like." Deputy NSA Etzion insisted that the GOI does not see Oslo as a positive model for future agreements. Taub said that his department has little doubt that the bulk of the Oslo arrangements are still in force, noting that neither side has publicly declared Oslo void and both sides have referred to the accords in subsequent agreements.

Wolfensohn Agenda: Rafah, Greenhouses, Transit and Aid

110. (C) The Wolfensohn team stressed the political and economic importance of re-opening the Rafah crossing as quickly as possible. The U.S. representative on the team said that the two sides disagree on timing, but otherwise agree that only people with Palestinian identity cards would cross at Rafah and that Rafah would be monitored remotely by the Israelis, with third-party observers and trainers on the ground. Discussions are underway for handling imports at Kerem Shalom and exports at Rafah, he added, but are not finalized. MOD PolDir Amos Gilad said he had held talks with the PA on October 9-10 about Rafah.

111. (C) The staffdel asked the Wolfensohn team about the status of the greenhouses in Gaza. The U.S. representative replied that 80 percent of the Israeli-owned Gaza greenhouses had been purchased and transferred to the PA; ten percent of this total had been severely damaged in the post-disengagement chaos, and another 25 percent was lightly damaged. As a result, approximately one-half of the

pre-disengagement greenhouses are currently operational.

12.(C) Lynn Hastings, the UN representative on Wolfensohn's team, said the temporary solution for Palestinian movement between Gaza and the West Bank is likely to take the form of Israeli-escorted bus convoys. She noted that USAID is funding a study on longer-term solutions, including possible rail and/or road connections.

13. (C) Hastings said that the Wolfensohn team has identified USD 750 million in assistance available for quick impact projects focused on job creation and infrastructure improvements. A U.S. Treasury official added that the Wolfensohn team hopes that regional donors would assist the PA with its budgetary shortfall. Finance Minister Salam Fayyad will soon travel to the Gulf states in search of funding to close the PA's USD 250 million budget gap, she said. Her colleague Ramsey Jamil cautioned donors that planned international assistance levels might be too low considering the increase in the Palestinian population. MFA EU Director Ravel noted that the EU plans to double its assistance to the Palestinians next year from 250 million to 500 million Euros. In addition, Ravel said, EU members states donate nearly 500 million Euros of assistance, making total European contribution to the PA approximately one billion Euros and increasing European influence accordingly. Senior Researcher Ramsey Jamil noted that the utility of large-scale economic assistance is limited, because such aid "couldn't happen in a vacuum" absent substantial reforms in the PA.

Improving Relations with Egypt and Other Muslim States

14. (C) Knesset staffer Bar Joseph claimed that opposition to the Border Guard agreement by committee Chairman Yuval Steinitz had been key in prohibiting the deployment of Egyptian troops throughout the Sinai, a move Steinitz believed would have violated the Camp David accords. In the end, however, he claimed that the committee's view is that the Border Guard deployment is irrelevant, because Israel has already agreed to a seaport and airport and "there is no need to guard the window when you have already opened the door." MOD PolDir Gilad claimed that relations with Egypt had improved as a result of disengagement and the Border Guard agreement. He noted that the presence of 45 Egyptian advisers in Gaza helps the PA, but complained that the Egyptians give Hamas the same treatment as Fatah. He expressed concern about the safety of the Egyptian advisers, noting that a recent Israeli airstrike had targeted an extremist standing 20 meters from where an Egyptian general was passing by.

15. (C) Bar Joseph acknowledged that "there are (Knesset) members ... who see Egypt as a threat." He urged the USG to switch its military assistance to Egypt to economic projects, questioning why the Egyptians need advanced U.S. aircraft and weapons systems. MOD PolDir Gilad dismissed the idea that Egypt is preparing to attack Israel, but echoed Knesset concerns about the modernization of Egyptian forces and requested that the USG continue to support the maintenance of Israel's qualitative military edge. The staffdel noted that the Congress had urged Egypt to justify its purchases by presenting a threat analysis and strategy.

16. (C) Bar Joseph complained that Egypt is actively campaigning against Israeli participation in international organizations. MFA EU Director Ravel echoed this complaint and urged the USG to exert influence in Cairo to change Egypt's attitude towards cooperation with Israel. MFA Chief of Staff Yaki Dayan complained that Egypt is discouraging other Arab states from establishing relations with Israel.

17. (C) Dayan, Bar Joseph, and Gilad separately praised cooperation with Jordan. Gilad said that the Jordanians "are really protecting our eastern border" and urged the USG to provide additional support to Amman. Dayan highlighted the importance of the Qualifying Industrial Zones (QIZs) and said that King Abdullah would visit Israel in November. In a discussion with the staffdel on Lebanon, Ravel said that the GOI had officially protested a meeting by EU ambassadors with the Hizballah water minister in the new government. He described France as the main hindrance to a more active EU role countering Hizballah.

18. (C) Dayan told the staffdel that he and MFA Director General Ron Prosor had toured Arab states prior to disengagement. He said that Gulf states, such as Qatar and the UAE, are willing to do business with Israel behind closed doors and speculated that a combination of commercial interests, fear of Iran, and USG pressure had helped change their long-standing opposition to contact with Israel. Dayan added that Maghreb countries are more concerned about public opinion, Al-Qaeda, and concrete benefits from ties to Israel. He noted that Israel has separate dialogues with Pakistan,

Indonesia, and Malaysia. He expressed appreciation for Congressional letters to Muslim leaders urging them to improve relations with Israel and requested that the U.S. to "use any possible leverage" in the future.

19. (C) The Israelis were not optimistic about developments in Syria. Etzion said that that "something has to give" in Damascus, but the GOI has no information on who might potentially succeed Asad. Gilad and IDF analyst Brun echoed these views in separate meetings. According to Brun, the GOI believes Syria was responsible for the Hariri assassination.

20. (C) Bar Joseph stressed Knesset concerns that the Iranian nuclear program will be problematic for U.S. forces in Iraq, lead to the fall of regimes in Jordan and Egypt, and increase the freedom of operation for terrorists. He insisted that the Iranians need to receive the same message that Libya did, i.e., the international community will not tolerate a nuclear-weapons program in the country. Etzion said that the Russians had recently told NSA Giora Eiland that they are skeptical that international pressure can prevent Iran from achieving its goal of developing nuclear weapons.

Israeli Priorities in the UN/Status of MDA

21. (C) MFA Acting Office Director for UN Political Affairs Gershon Kedar told the staffdel that Israel's main agenda in the UN is to move from being a "one-issue country" to a "normal" member. The GOI is pushing to fill its quota of Israeli employees throughout the UN system, especially in the peacekeeping secretariat, and to join all WEOG consultative groups. The GOI is seeking a critical mass of co-sponsors for its Holocaust remembrance and education resolution to deter unwelcome amendments. Kedar said the GOI will change tactics on anti-Israel resolutions, focusing on obtaining more support to "reform" anachronistic Palestinian-focused organizations -- particularly the Division for Palestinian Rights, the Committee on the Exercise of the Inalienable rights of the Palestinian People, and the Special Committee to Investigate Israeli Human Rights Practices. He noted that the GOI is considering withholding the portion of its annual contribution that goes towards funding these committees. Kedar and MFA Legal Adviser Taub said that the GOI would like to see UNRWA devolve many of its activities to the PA. Israel would also like to see UNIFIL ended, and will lobby behind the scenes for substantial cuts to UNIFIL troop strength.

22. (C) MFA Chief of Staff Dayan said that the Arab League and certain (unnamed) PA officials are playing an unhelpful role in Israel's efforts to resolve the MDA/ICRC issue. Taub said Arab opposition to the MDA had changed from objections about the symbol to complaints about where MDA operates. Claiming that "the ball is in the Swiss court," Taub requested that the USG tell the Swiss that MDA has made enough concessions and that the issue should be resolved on its own merits and not as part of the overall peace process.

GOI Welcomes Resumption of Strategic Dialogue

23. (C) MFA Director for U.S. Legislative Affairs Eyal Sela noted that 20 percent of Congress -- 86 representatives and 20 Senators -- have visited Israel in the past year. He added that the MFA has lobbied other parts of the Israeli government to "do whatever is needed" to restore ties damaged by Israeli defense exports to China. The staffdel stressed the bipartisan nature of concern on this issue. MOD PolDir Gilad welcomed the resumption of a strategic dialogue with the USG. MFA Chief of Staff Dayan said the GOI plans to use the dialogue to brief the USG on Israel's relations with each Muslim country, focusing on areas where U.S. pressure might help.

24. (U) Staffdel Zweig/Adams were unable to clear this cable before departing the region.

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